Supplemental Documents for 3rd Quarter of FY2019

February 5, 2020
Nippon Suisan Kaisha, Ltd.

Overview of the 3rd Quarter of FY2019

Decrease in revenue due to weak other segment performance. Despite big increase in South American salmon/trout farming business, net income decreased slightly due to struggling other segment, Chilled and domestic Fishery and Farming business.

(Unit : 100 million yen)	3Q of FY2018	3Q of FY2019	Increase/Decrease (Y-on-Y)	Increase/Decrease (%)	Annual Plan for FY2019	Progress rate (%)
Net Sales	5,432	**5,268**	(164)	97.0	7,000	75.3
Operating Profit	198	**190**	(8)	95.8	240	79.5
Ordinary Profit	228	**216**	(11)	94.7	265	81.6
Profit attributable to owners of parent	152	**147**	(4)	96.8	175	84.5

(Note)
We have changed the ways of price setting method to offset center fee (selling cost) by net sales since February 2019.
Net sales in FY2018 contains approx. 7.3 billion yen of center fee.

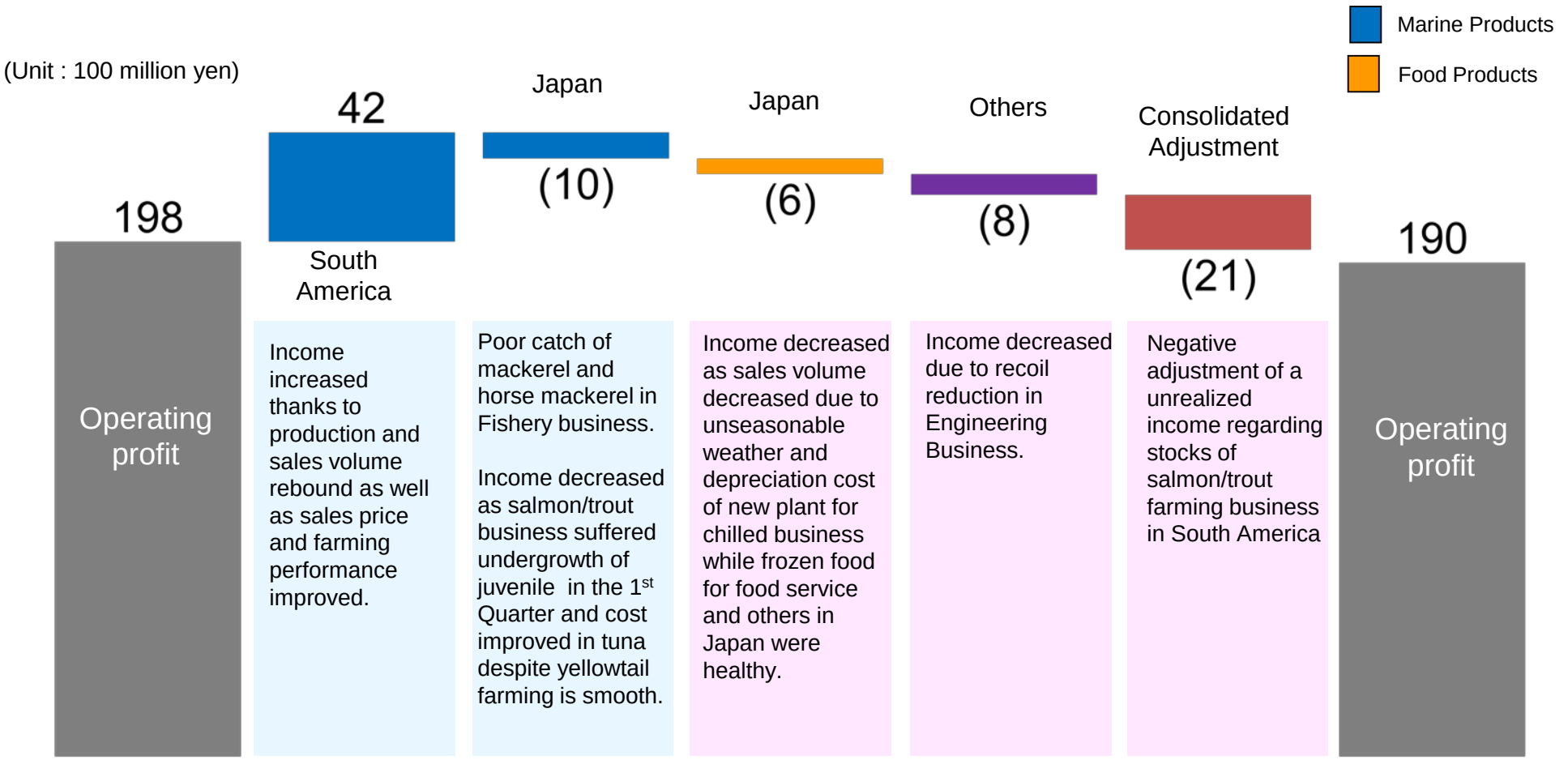
Overview of the 3rd Quarter of FY2019 by Segments

Revenue decreased by 3% due to weak other segment, negative foreign exchange rate in Marine Products and change in transaction system in Chilled business (7.3 billion yen) in Food Products Business.

(Unit : 100 million yen)	3Q of FY2018	3Q of FY2019	Increase/Decrease (Amount)	Increase/Decrease (%)
Net Sales	5,432	5,268	(164)	97.0
Marine Products	2,266	2,245	(21)	99.1
Food Products	2,582	2,560	(22)	99.1
Fine Chemicals	195	201	5	103.0
General Logistics	128	127	(0)	99.6
Others	258	132	(126)	51.3
Operating Profit	198	190	(8)	95.8
Marine Products	97	104	6	107.2
Food Products	103	98	(5)	95.1
Fine Chemicals	19	19	0	100.0
General Logistics	16	15	(0)	95.7
Others	8	1	(7)	11.8
Common Costs	(46)	(48)	(1)	104.0
Ordinary Profit	228	216	(11)	94.7
Profit attributable to owners of parent	152	147	(4)	96.8

Main Causes of Fluctuations

Operating income increased significantly as negative effect of juvenile death the year before disappeared in salmon/trout business in South America while Chilled business, domestic Fishery and Farming business and Other (Engineering) business struggled.



Consolidated Balance Sheet (Y-on-Y)

Trade receivables and inventory increased.

The Italic and bold figures means increase/decrease, compared to 4Q of FY2018.

(Unit : 100 million yen)

Current Asset 2,613 ***137***

Cash and deposit	76	***(12)***
Notes and accounts receivable	996	***108***
Inventory	1,381	***94***

Non-current Asset 2,393 ***90***

Plant, property and equipment	1,441	***66***
Intangible asset	105	***(1)***
Investment and other asset	846	***25***

Total Assets 5,006 ***227***

Current Liability 2,149 ***122***

Notes and accounts payable	423	***(70)***
Short-term borrowing	1,279	***239***
Others	117	***(21)***

Non-current Liability 1,117 ***27***

Long-term borrowing	884	***15***

Net Assets 1,739 ***77***

Shareholder's Equity	1,547	***84***

Equity Ratio

As of March 2019 30.6%

⇒As of December 2019 30.9%

Consolidated Cash-Flow Statement (Y-on-Y)

Increase in Working Capital and decrease slightly in Operating Cash Flow

(Unit : 100 million yen)

	3Q of FY2018	3Q of FY2019	Y-on-Y
・Profit before income taxes	230	213	(16)
・Depreciation & Amortization	135	143	8
・Working Capital	(213)	(286)	(73)
・Income taxes paid	(70)	(47)	22
・Others	(62)	(71)	(9)
Net cash provided by operating activities	19	(49)	(68)
・Investment in (Purchase of) property, plant and equipment	(154)	(201)	(46)
・Others	41	(1)	(42)
Net cash provided by investing activities	(113)	(202)	(89)
・Increase (Decrease) in short-term borrowings	149	229	80
・Increase (Decrease) in long-term borrowings	(39)	31	71
・Others	(34)	(40)	(5)
Net cash provided by financial activities	74	220	145
Cash and cash equivalent at end of term	223	130	

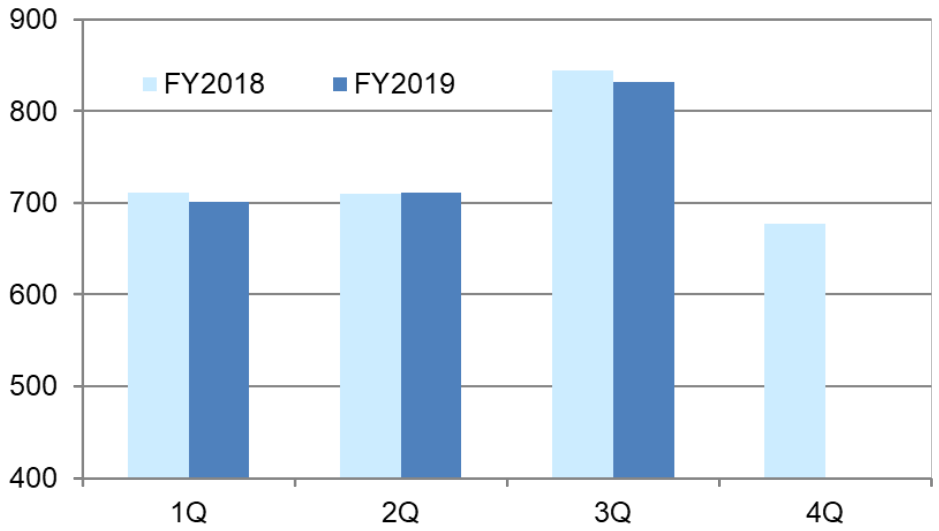
Marine Products Business
Net Sales & Operating Profit (Y-on-Y)

Revenue decrease due to negative foreign exchange effect and lower sales volume in Europe.
Despite big increase in income in South American salmon/trout farming business, income increase was limited to a little due to weak domestic Fishery and Farming business.

(Unit : 100 million yen)	3Q of FY2018	3Q of FY2019	Increase/Decrease	
			(Amount)	(%)
Net Sales	2,266	2,245	(21)	99.1
Operating Profit	97	104	6	107.2

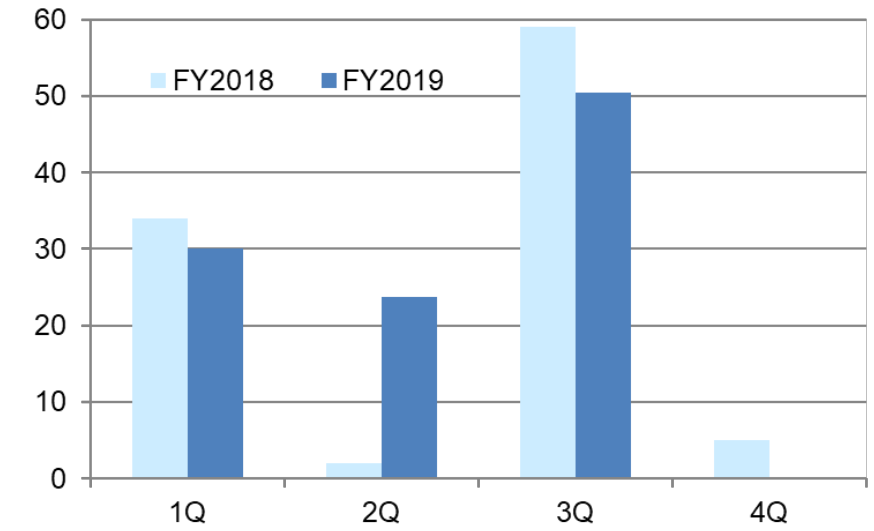
Net Sales (Quarterly)

(Unit : 100 million yen)



Operating Profit (Quarterly)

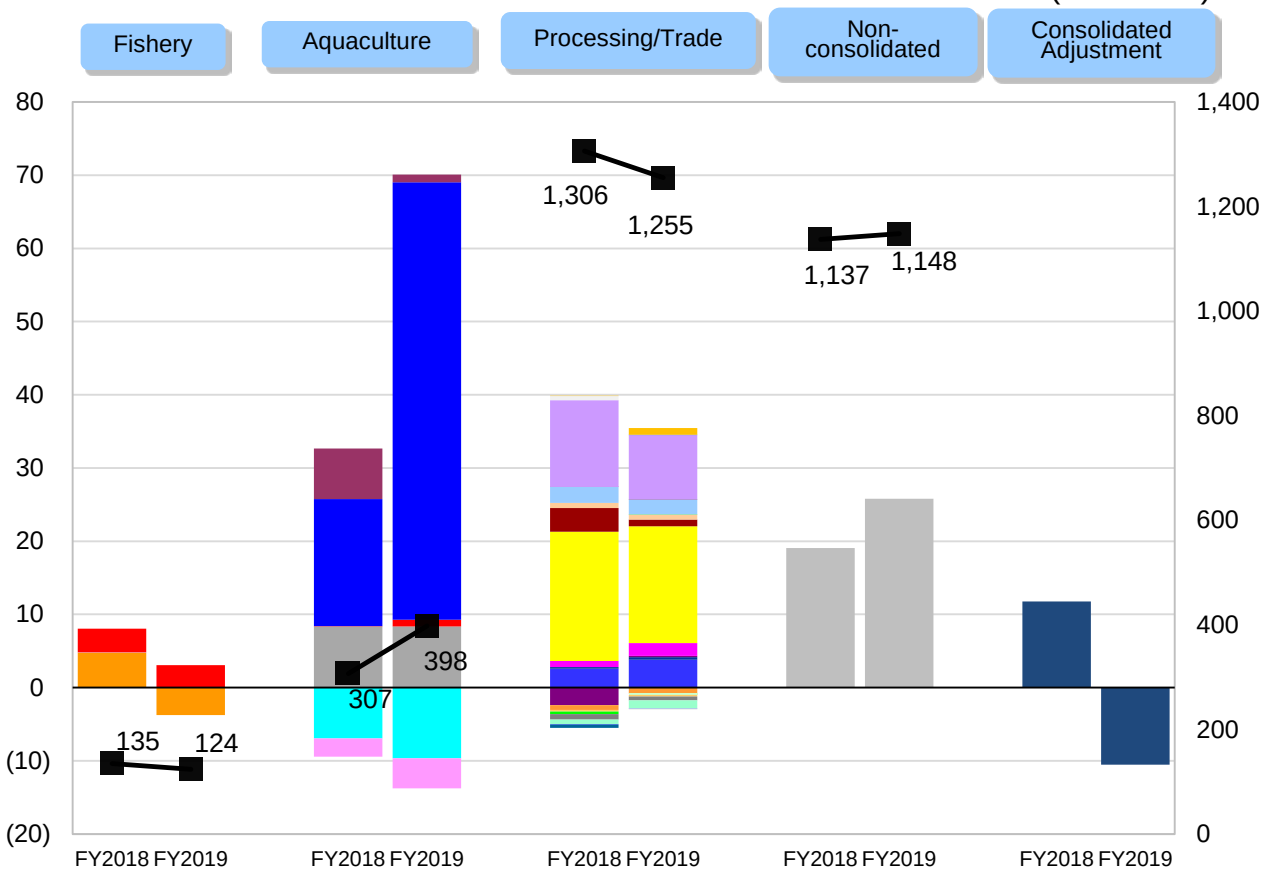
(Unit : 100 million yen)



Marine Products Business
Net Sales & Operating Profit (Y-on-Y)

Poor mackerel and horse mackerel catch in domestic Fishery business. Strong buri yellow tail but tuna and salmon/trout are weak in domestic farming business. Income increase thanks to sales volume increase in salmon/trout and buri yellow tail business in Japan.

Operating Profit (Bar chart) (Unit : 100 million yen) Net Sales (Line chart)

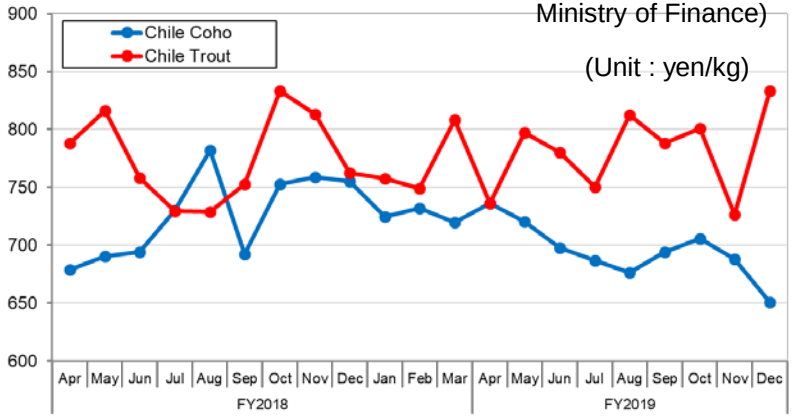


Operating Profit Total

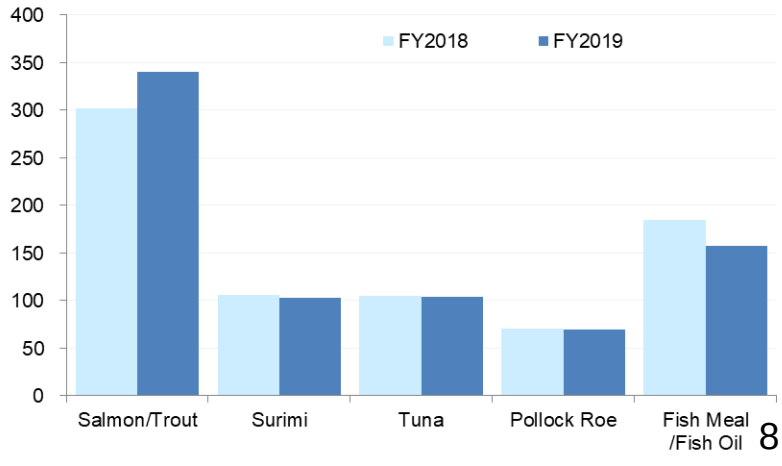
8 (0) 23 56 35 33 19 25

- The Italic figures in the lower part of this chart show the accumulation of the bar (Operating Profit)
- Consolidated Adjustment includes the amortization of goodwill and unrealized income in inventory.

<Domestic market condition of marine products (salmon/trout)>
(Calculated based on Trade Statistics of Japan, Ministry of Finance)



<Sales by Main Species of Non-consolidated(Y-on-Y)>
(Unit : 100 million yen)



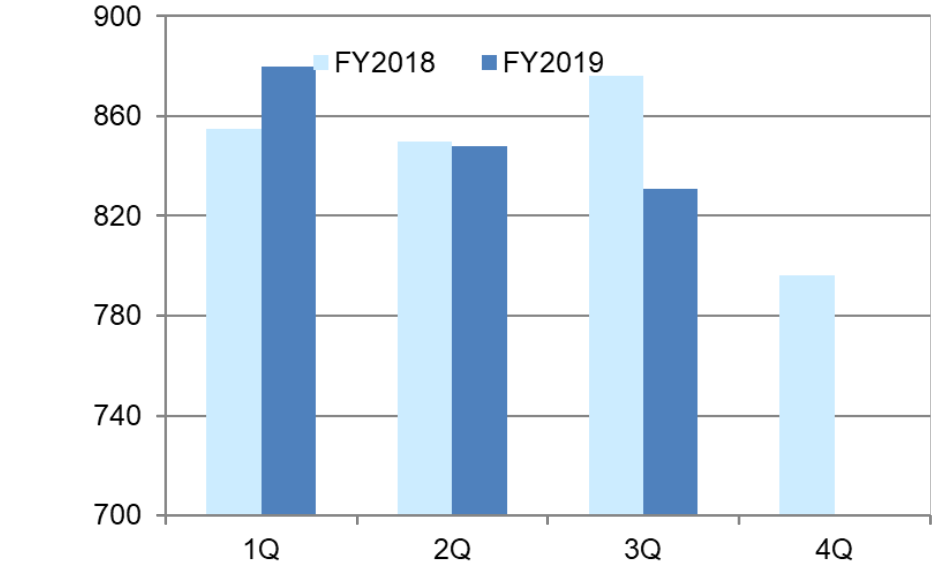
Food Products Business
Net Sales & Operating Profit (Y-on-Y)

Revenue decreased significantly in Chilled business while sales was strong mainly in frozen food in Japan and overseas. Income decreased as we're unable to cover decrease in Chilled business.

(Unit : 100 million yen)	3Q of FY2018	3Q of FY2019	Increase/Decrease	
			(Amount)	(%)
Net Sales	2,582	2,560	(22)	99.1
Operating Profit	103	98	(5)	95.1

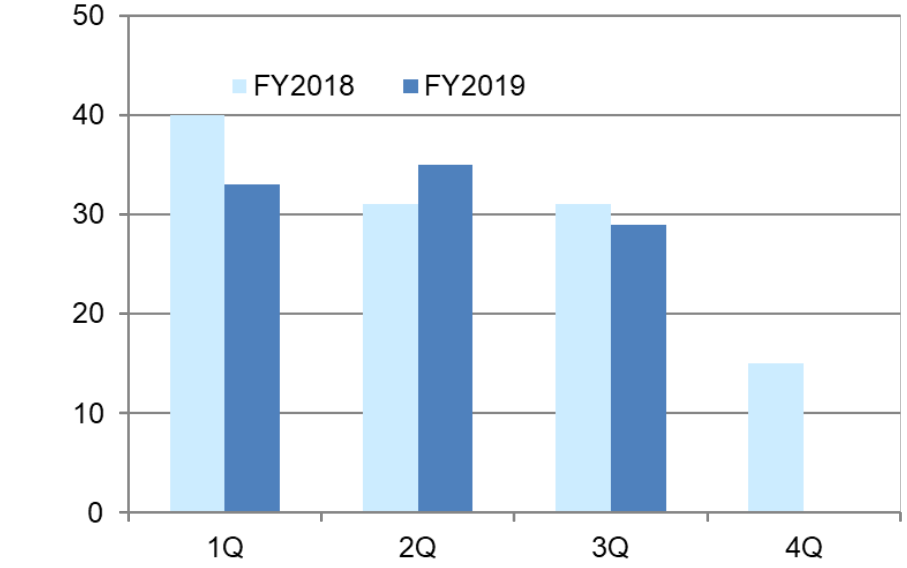
Net Sales (Quarterly)

(Unit : 100 million yen)



Operating Profit (Quarterly)

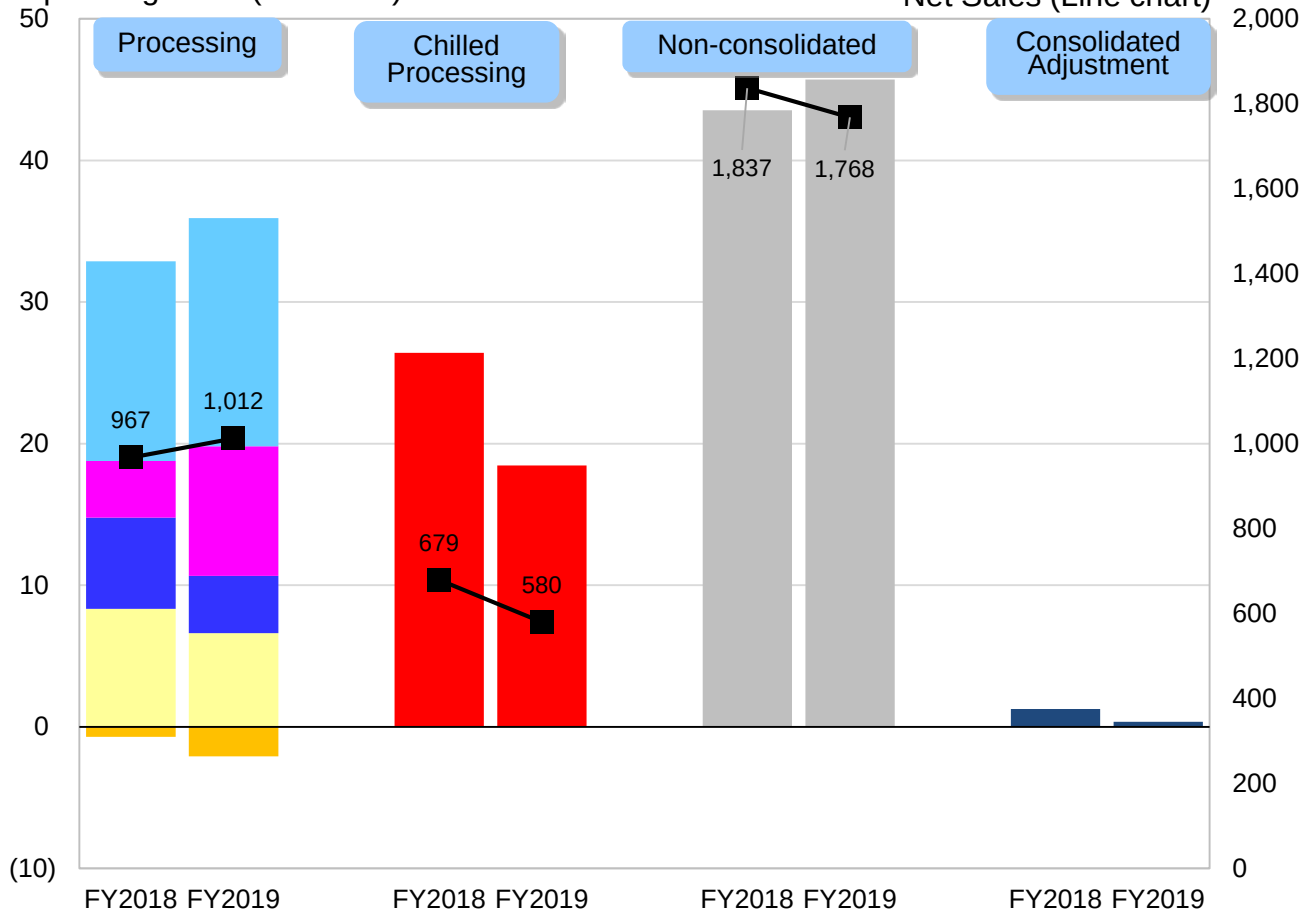
(Unit : 100 million yen)



Food Products Business
Net Sales & Operating Profit (Y-on-Y)

Sales of frozen food for food service business was strong in North America and Japan.
Income was secured in Europe despite increasing raw material cost.

Operating Profit (Bar chart) (Unit : 100 million yen) Net Sales (Line chart)

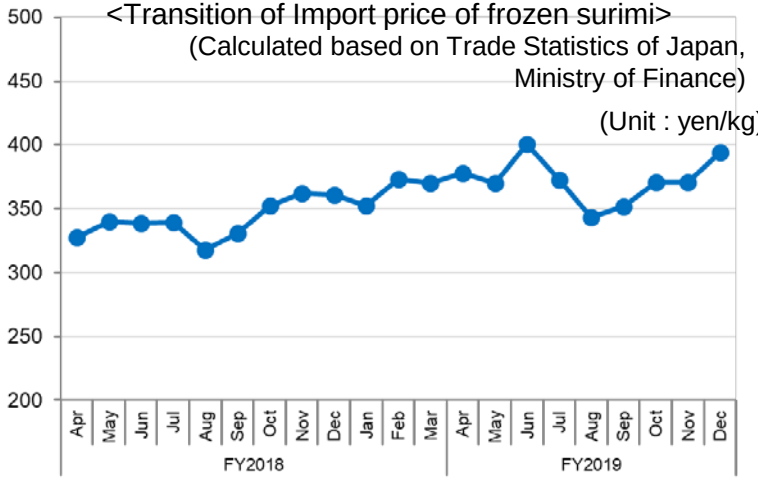


Operating Profit Total

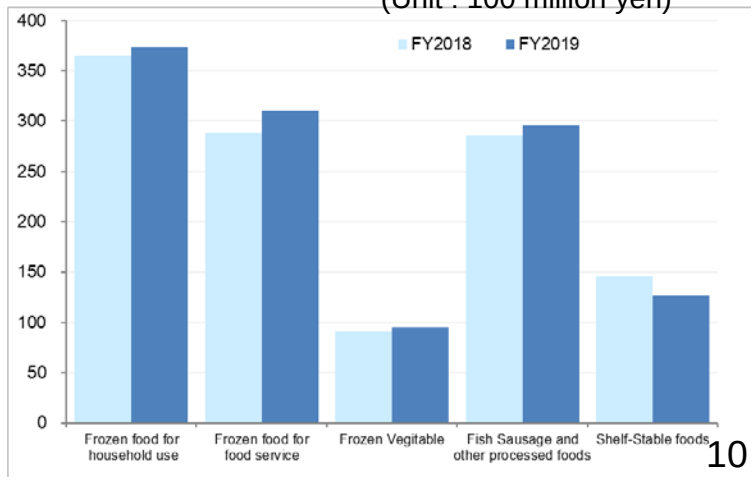
FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
32	*33*	*26*	*18*	*43*	*45*

➢ The Italic figures in the lower part of this chart show the accumulation of the bar (Operating Profit).

<Transition of Import price of frozen surimi>
(Calculated based on Trade Statistics of Japan, Ministry of Finance)
(Unit : yen/kg)



<Sales by Categories of Non-consolidated (Y-on-Y)>
(Unit : 100 million yen)



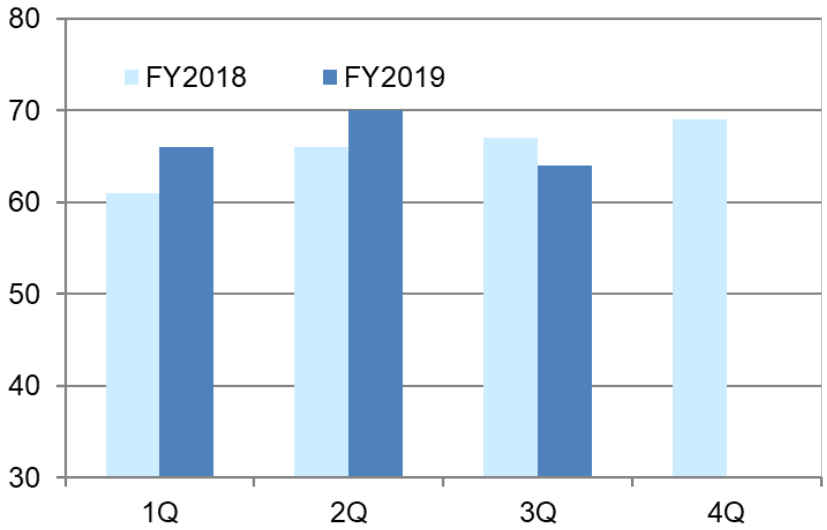
Fine Chemicals Business
Net Sales & Operating Profit (Y-on-Y)

Sales of functional raw material was strong in both Japan and overseas, income stayed the same level as last year as income decreased in a group company.

(Unit : 100 million yen)	3Q of FY2018	3Q of FY2019	Increase/Decrease	
			(Amount)	(%)
Net Sales	195	201	5	103.0
Operating Profit	19	19	0	100.0

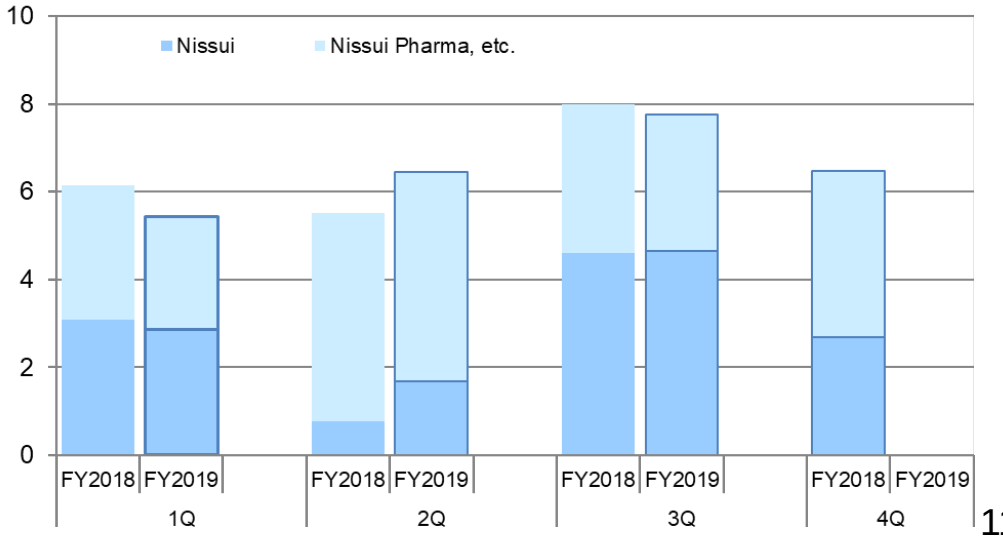
Net Sales (Quarterly)

(Unit : 100 million yen)



Operating Profit (Quarterly)

(Unit : 100 million yen)



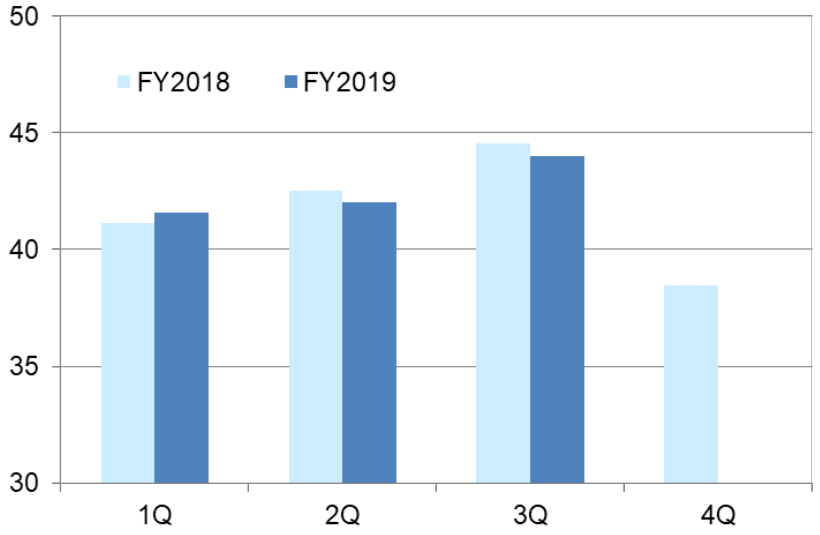
General Distributions
Net Sales and Operating Profit (Y-on-Y)

Revenue and income stayed flat thanks to strong cold storage and distribution business which covered the negative effect of changing in the method of calculating accrued retirement benefit obligation in the 1st quarter.

(Unit : 100 million yen)	3Q of FY2018	3Q of FY2019	Increase/Decrease	
			(Amount)	(%)
Net Sales	128	127	(0)	99.6
Operating Profit	16	15	(0)	95.7

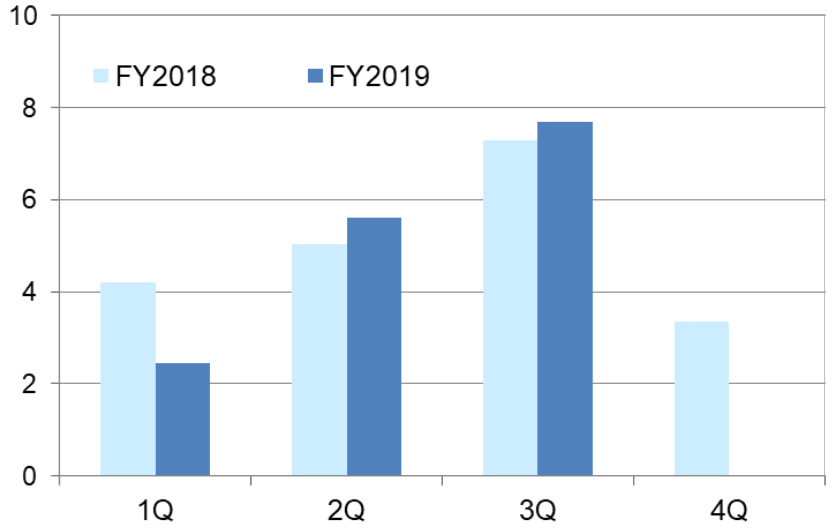
Net Sales (Quarterly)

(Unit : 100 million yen)



Operating Profit (Quarterly)

(Unit : 100 million yen)



Other Businesses
Net Sales and Operating Profit (Y-on-Y)

Both revenue and income decreased due to recoil reduction of orders in Engineering Business.

(Unit : 100 million yen)	3Q of FY2018	3Q of FY2019	Increase/Decrease	
			(Amount)	(%)
Net Sales	258	132	(126)	51.3
Operating Profit	8	1	(7)	11.8

Major causes of fluctuation

Engineering business, mainly operated with group companies, had received large scale orders for cold storage construction other than group companies in previous year. Both revenue and income decreased due to recoil reduction year-on year.

Other Businesses

<Engineering Business>

- Planning, design and production of plants and equipment
- Planning, design and construction of building



< Oosaka Maishima Logistics Center, Nissui Logistics>

【Marine-related Business】

- Contracting operation & management of marine and deep sea research vessels
- Construction & maintenance



Manned deep sea research submarine Shinkai 6500（owned by JAMSTEC）

Forecast for FY2019

There is no big difference in the performance compared to the annual plan until the 3rd quarter.

To achieve the goal, we will accelerate overseas development, improve domestic farming technology and cope with higher cost in tuna business.
Current concerns are novel coronavirus and landing and market condition of coastal fish.

(Unit : 100 million yen)	3Q of FY2019	Annual Plan for FY2019	Annual plan - 3Q result
Net Sales	5,268	7,000	1,731
Operating Profit	190	240	49
Ordinary Profit	216	265	48
Profit attributable to owners of parent	147	175	27

<Stable Farming Business and Business Scale Expansion>

Coping with offshore fishing ground.
Increase farming efficiency with bigger fish cage.

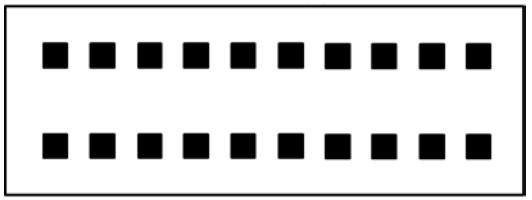
Buri **Effort to achieve year-around supply**

- Levelling farming period by multi egg collection
- Strengthen breeding center facility

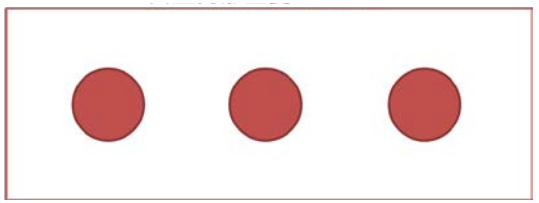
More efficient operation

- Efficient operation by combining bigger fish cage and automatic feeding
- Increase efficiency with higher artificial breed ration (Shorten farming period with bigger size)

10m x 10m square fish cage block



Round shaped fish cage block



Mackerel **Adding value by increasing eat-in-raw aptitude**

- Farming anisakis-free mackerel by land-based circulating farming => Expand eat-in-raw market

Stable supply of sustainable seafood

- Reduce environmental burden by industrialization of land-based circulating farming method
- Stable supply

  Twice a year egg collection by controlling maturity of mother fish



Verification test facility (Yonago, Tottori)
Will start operation in May 2020.

<Stable Farming Business and Business Scale Expansion>

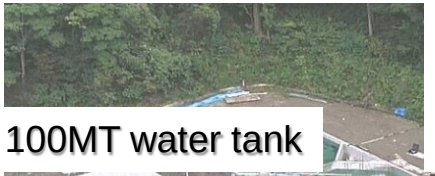
Salmon/Trout (in Japan)

Differentiation and Stabilization by breeding

- Improve breed quality

  Grown own mother fish, egg collection, fertilization and hatch

- Increase fish weight by earlier egg collection and selective breeding



Senjyousan egg collection center started operation in November 2018



Tuna

Stabilization and Monetization of Tuna farming business

- Actions against red tide and typhoon
  (Lengthen net, shorten farming period)
- Relocation of farming site
- Adding value by increasing on-site processing



Cutting facility in Kamiura





Coho Salmon loin

Future Initiatives : Food Products Business (Overseas)

<Asia>

- New plant for frozen food in Thailand

Reinforce operation for Quick Service Restaurant, Convenience store





Products for Asia



Completion of construction in May 2020

- Expand new market

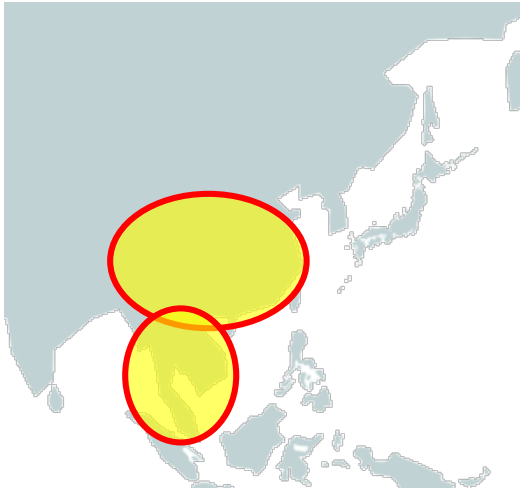
Consider Vietnam, Thailand and China as prospective area and expand business with counterpart coping with their culture



Bottled products for Vietnam



Part of back side of package for products for overseas



Future Initiatives : Food Products Business (Overseas)

<Europe>

- Restructuring function in UK

Strengthen primary processing business of fish and supply chain by integrate Marine processing business.

flatfish Integrate processing







Cod loin
(Without bone and skin)



- Expand sales area from UK and France

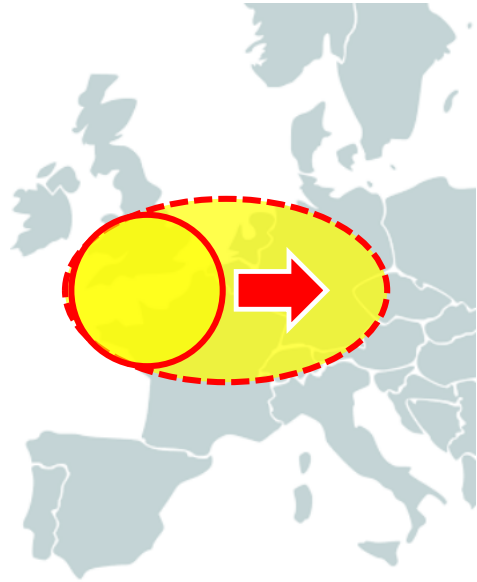
Expand sales area of vegetal products, plant-based protein without using animal meat and fish, and chilled fried-marine products by usage of processing site and expansion of Group companies.











Future Initiatives : Fine Chemicals Business

<Preparation for Overseas Expansion of Highly-purified EPA>

Sales

Negotiation with sale destination is good.

Production System

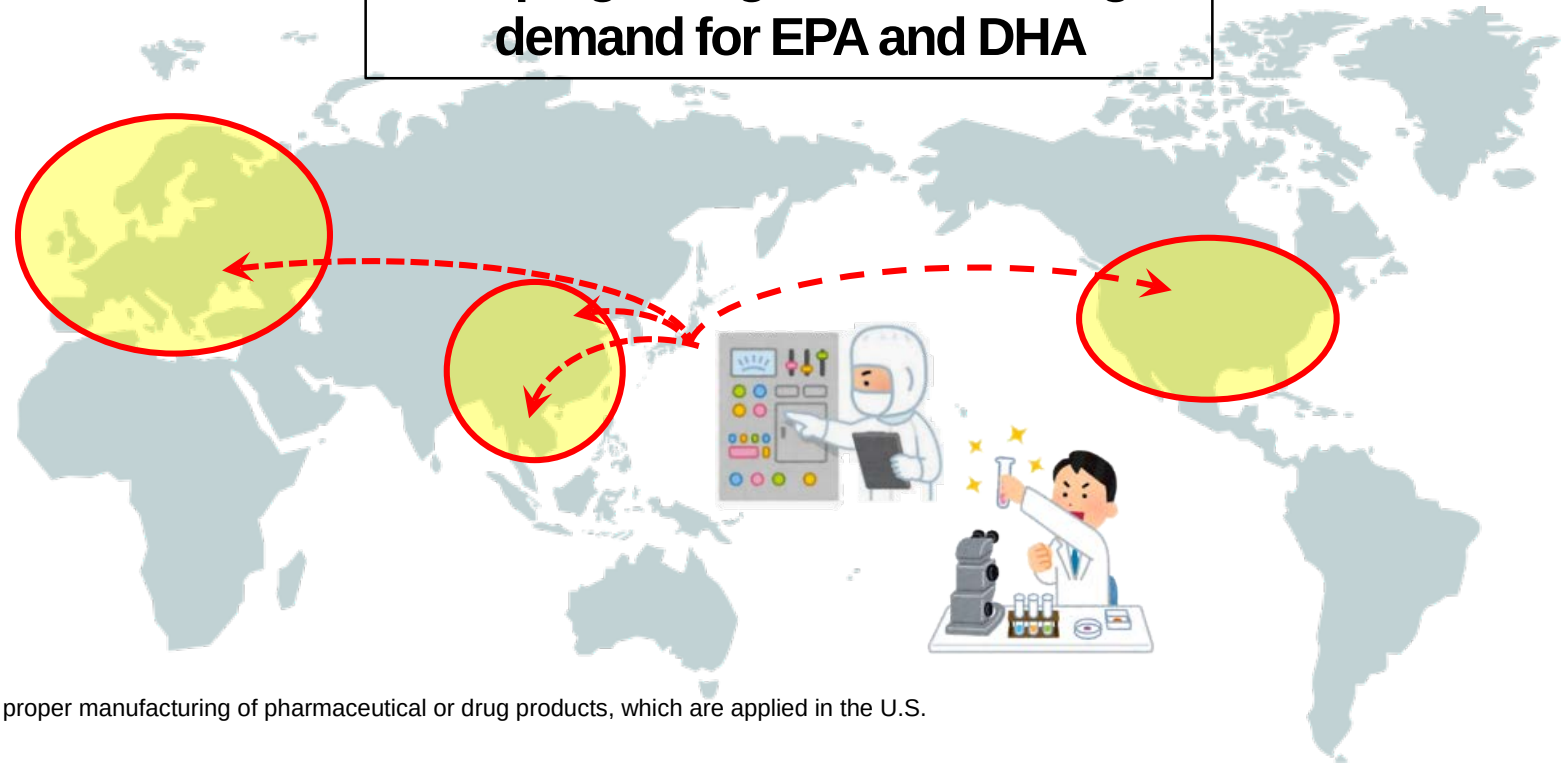
Progress “cGMP(Note1)” Certification
Start of production for verification test with production equipment



<Increase Profitability of Functional Raw Material>

Increase accessibility of materials
Shift to profitable items

Coping with global increasing demand for EPA and DHA

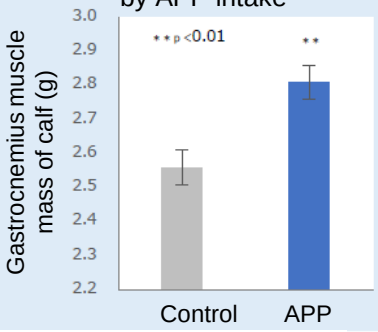


(Note1)cGMP
Requirements for proper manufacturing of pharmaceutical or drug products, which are applied in the U.S.

Research result of Alaskan Pollock Protein

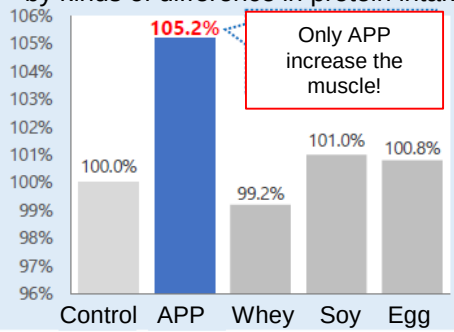
Alaskan Pollock fast-twitch skeletal muscle protein (APP) intake increases the Skeletal muscle most among other proteins according to the test in rats.

Skeletarl muscle mass of rat calf by APP intake



Ref.: Bioscience, Biotechnology and Biochemistry, 2014

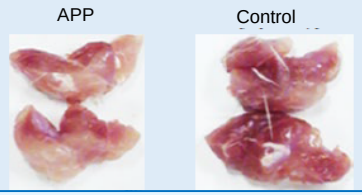
Skeletal muscle mass of rat calf by kinds of difference in protein intake



Ref.: Society of JSBA 2015

A kind of muscle increased most is fast-twitch skeletal muscle which is the one we lose with aging!

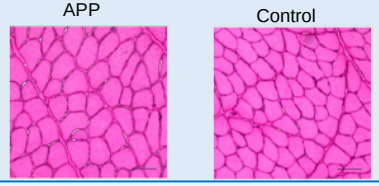
Color of Gastrocnemius muscle



Color turns white, meaning muscle turns to fast-twitch muscle!

Ref.: Biomedeical Research 13(6)347-352,2010

Diameter of fast-twitch skeletal muscle fiber in Gastrocnemius muscle

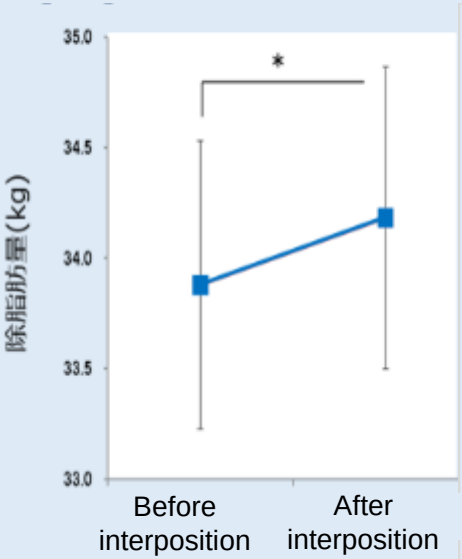


Diameter of fast-twitch fiber become 1.4 times compared with non-intake rats

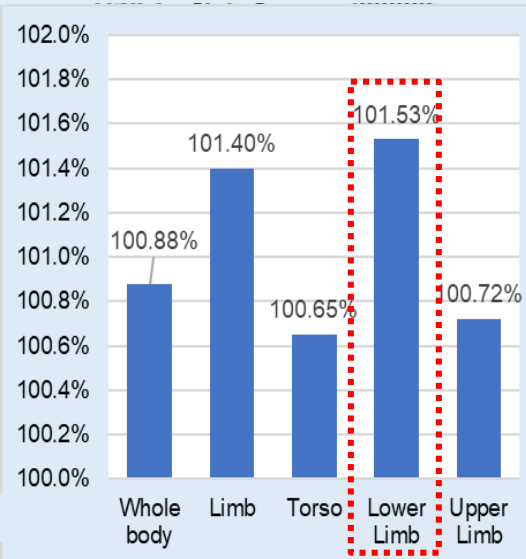
Ref.; Journal of Oleo Science 65(2)141-148(2019(

- Elderly people increased their lower-limb skeletal muscle by 1.5% in 3 month according to the test.

Average of lean skeleltar mass in whole body



Increasing rate of lean skeletal mass for each part



<test overview>
Candidate：19 female participants whose age is 65 and over
Test food：Minced Alaskan Pollock (30g per one saving a day / amount of protein :4.5g)
Period：3 months
Measurement items： DXA method (Free-fat mass : Index of muscle mass)

Ref.: 11th Japanese Society for Amino Acid Science

New arrival products

"Social Agenda" X "Customers' Needs" X "Nissui's Strength"

Create new value and market coping with diverse lifestyle

Backing health of child



Rice ball with filling made of Kinme-mai which is rich in nutrition and umami

Easy-to-cook deli for elderly people



Microwavable easy-to-cook Japanese style kit-type deli supervised by Hattori Nutrition College, a famous cooking school in Japan



Make seafood cooking closer for health considerations



Mabo Tofu using "**Osakana Minch**", minced fish made 100% of Pollock Surimi paste, Kit-type products with food stuff and sauce

* "Osakana Minch" received 33rd new technology and food development prize by "The Japan Food Journal".

"Let's eat fast muscle protein every day" series



Expand the products using 100% of Pollock Surimi paste in series.

速筋タンパク®

CSR activities : Reduce plastic use for fish cage in farming site

Abolish or stop using styrofoam float with plastic cover



Prevent outflow
(control/collection)

<Styrofoam float>

Styrofoam can outflow when the cover breaks.





Abolish using by 2025

Global Links

Helping people across the world stay healthy through the utilization of sustainable marine resources

Ref.) Consolidated Income Statement (Y-on-Y)

There aren't any big extraordinary profit or loss during the 3Q in FY2019.

	3Q of FY2018	3Q of FY2019	Y-on-Y	Main Causes of fluctuations
Net Sales	5,432	5,268	(164)	Changing transaction form in chilled business ***(73)***
Gross Profit	**1,094**	**1,027**	**(67)**	
SGA Expenses	895	836	(58)	* No effect on operating profit
Operating Profit	**198**	**190**	**(8)**	
Non-operating income	43	40	(2)	Foreign exchange gain ***(5)*** Equity in earnings of affiliaites 1
Non-operating expenses	14	14	0	
Ordinary Profit	**228**	**216**	**(11)**	
Extraordinary income	5	2	(2)	Gain on sales of non-current asset ***(3)***
Extraordinary losses	3	5	1	Loss on valuation on investment securities ***1***
Profit before income taxes	**230**	**213**	**(16)**	
Income taxes - current	46	48	1	
Income taxes - deferred	24	12	(11)	Income tax adjustment on unrealized profit on inventory in South America ***(5)***
Profit	**159**	**152**	**(6)**	
Profit attributable to non-controlling interest	6	4	(2)	
Profit attributable to owners of parent	**152**	**147**	**(4)**	

Ref.) Impact on net sales by foreign exchange

Negative impact increase due to strong yen and weak EUR and DKK

Exchange rate among overseas subsidiaries	3Q of FY2018		3Q of FY2019		Increase/Decrease (Y-on-Y)		Breakdown (Unit : 100 million yen)	
	Local Currency	JPY (100 million yen)	Local Currency	JPY (100 million yen)	Local Currency	JPY (100 million yen)	Impact other than exchange rate	Impact of exchange rate
USD(Million Dollar)	815	893	942	1,029	126	**136**	**139**	**(3)**
EUR(Million Euro)	193	252	218	268	25	**15**	**33**	**(18)**
DKK(Million Krone)	2,385	418	2,180	357	(204)	**(60)**	**(35)**	**(25)**
Other Currency	–	179	–	175	–	**(3)**	**(2)**	**(1)**
Total		1,744		1,830		**86**	**134**	**(47)**

<Ref. Foreign Exchange rate>

	3Q of FY2018	3Q of FY2019	Variation
USD	111.88 yen	107.67 yen	(3.8%)
EUR	130.54 yen	118.95 yen	(8.9%)
DKK	17.51 yen	15.94 yen	(9.0%)

Ref.) Consolidated cumulative net sales by Segment Matrix (Y-on-Y)

(Unit : 100 million yen)

	Japan		North America		South America		Asia		Europe		Sub Total		Consolidated Adjustment		Grand Total	
Marine Products	1,890	*0*	370	*31*	214	*67*	56	*(2)*	393	*(58)*	**2,926**	***39***	(680)	*(60)*	**2,245**	***(21)***
	1,890		339		146		58		452		**2,887**		(620)		**2,266**	
Food Products	2,614	*(169)*	444	*38*			55	*(0)*	291	*9*	**3,404**	***(121)***	(844)	*98*	**2,560**	***(22)***
	2,783		405				55		281		**3,526**		(943)		**2,582**	
Fine Chemicals	220	*6*					3	*0*			**223**	***6***	(21)	*(0)*	**201**	***5***
	213						3				**217**		(21)		**195**	
General Distribution	249	*7*									**249**	***7***	(121)	*(7)*	**127**	***(0)***
	242										**242**		(114)		**128**	
Others	173	*(148)*					1	*(0)*			**175**	***(148)***	(42)	*22*	**132**	***(126)***
	322						1				**323**		(64)		**258**	
Sub Total	**5,148**	***(303)***	**815**	***70***	**214**	***67***	**116**	***(2)***	**684**	***(49)***	**6,979**	***(217)***				
	5,452		**744**		**146**		**118**		**733**		**7,196**					
Consolidated Adjustment	(1,333)	*134*	(134)	*(21)*	(145)	*(56)*	(87)	*(5)*	(10)	*1*			(1,711)	*52*		
	(1,468)		(112)		(89)		(82)		(11)				(1,763)			
Grand Total	**3,815**	***(168)***	**681**	***48***	**69**	***11***	**28**	***(7)***	**674**	***(47)***					**5,268**	***(164)***
	3,984		**632**		**57**		**35**		**722**						**5,432**	

- The upper columns indicate the result of 3Q of FY2019 and the lower columns indicate that of FY2018. The Italic and bold figures mean increase/decrease.
- Consolidated adjustment include elimination between the group companies.
- From the first quarter of the consolidated fiscal year, part of the consolidated subsidiary's segmentation was separated into the Food Products Business and the Marine Products Business which used to be divided into the Food Business only along with the review of organization change. The above figure was created by revised segmentation retroactively.

Ref.) Consolidated cumulative operating profit by Segment Matrix (Y-on-Y)

(Unit : 100 million yen)

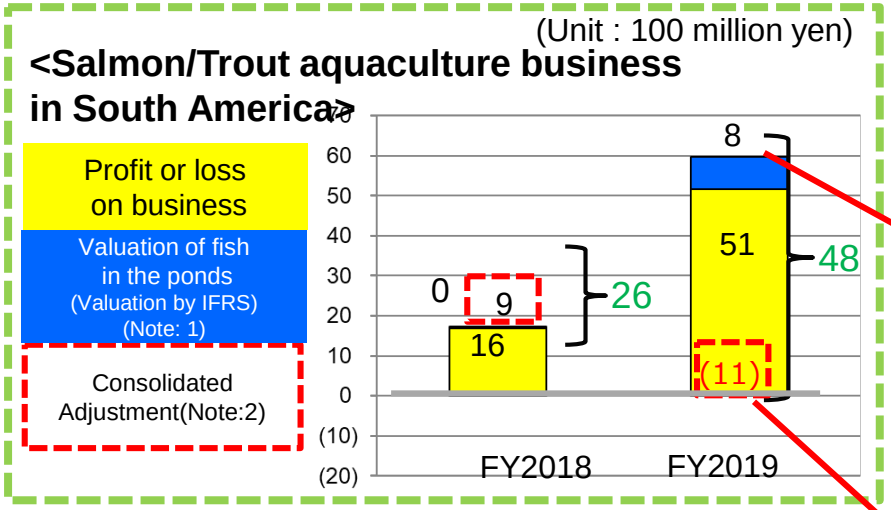
	Japan		North America		South America		Asia		Europe		Common Costs		Sub Total		Consolidated Adjustment		Grand Total		Ratio of Operating Profit to Net Sales	
Marine Products	24	*(10)*	19	*(0)*	62	*42*	0	*0*	8	*(2)*			115	*29*	(10)	*(22)*	104	*6*	*4.7*	**0.4**
	34		20		19		0		11				85		11		97		*4.3*	
Food Products	65	*(6)*	13	*2*			5	*(1)*	14	*0*			98	*(3)*	(0)	*(1)*	98	*(5)*	*3.8*	**(0.2)**
	71		10				6		13				102		1		103		*4.0*	
Fine Chemicals	18	*(0)*					0	*(0)*					19	*(0)*	0	*0*	19	*0*	*9.7*	**(0.3)**
	18						0						19		0		19		*10.0*	
General Distribution	15	*(1)*											15	*(1)*	0	*0*	15	*(0)*	*12.4*	**(0.5)**
	16												16		0		16		*12.9*	
Others	0	*(8)*					0	*0*					0	*(8)*	0	*0*	1	*(7)*	*0.8*	**(2.6)**
	8						0						8		(0)		8		*3.4*	
Common Costs											(49)	*(2)*	(49)	*(2)*	0	*0*	(48)	*(1)*		
											(47)		(47)		0		(46)			
Sub Total	123	*(26)*	32	*2*	62	*42*	7	*(0)*	22	*(2)*	(49)	*(2)*	199	*13*						
	150		30		19		7		24		(47)		186							
Consolidated Adjustment	5	*3*	1	*(1)*	(12)	*(20)*	(0)	*(0)*	(2)	*(1)*	(0)	*(0)*			(8)	*(21)*				
	2		2		8		(0)		(0)		(0)				12					
Grand Total	129	*(23)*	34	*0*	49	*21*	6	*(0)*	20	*(4)*	(49)	*(2)*					190	*(8)*	*3.6*	**(0.0)**
	152		33		28		7		24		(47)						198		*3.7*	

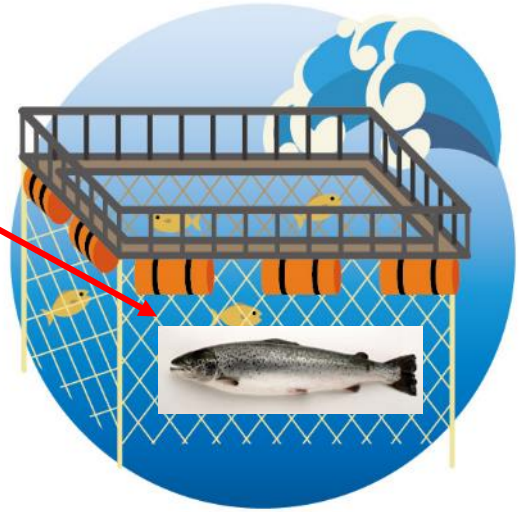
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- Consolidated adjustment include elimination between the group companies.
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Ref.) Salmon/Trout Farming in South America
Evaluation of fish in the pond & Unrealized profit

(Unit : 100 million yen)

<Salmon/Trout aquaculture business in South America>





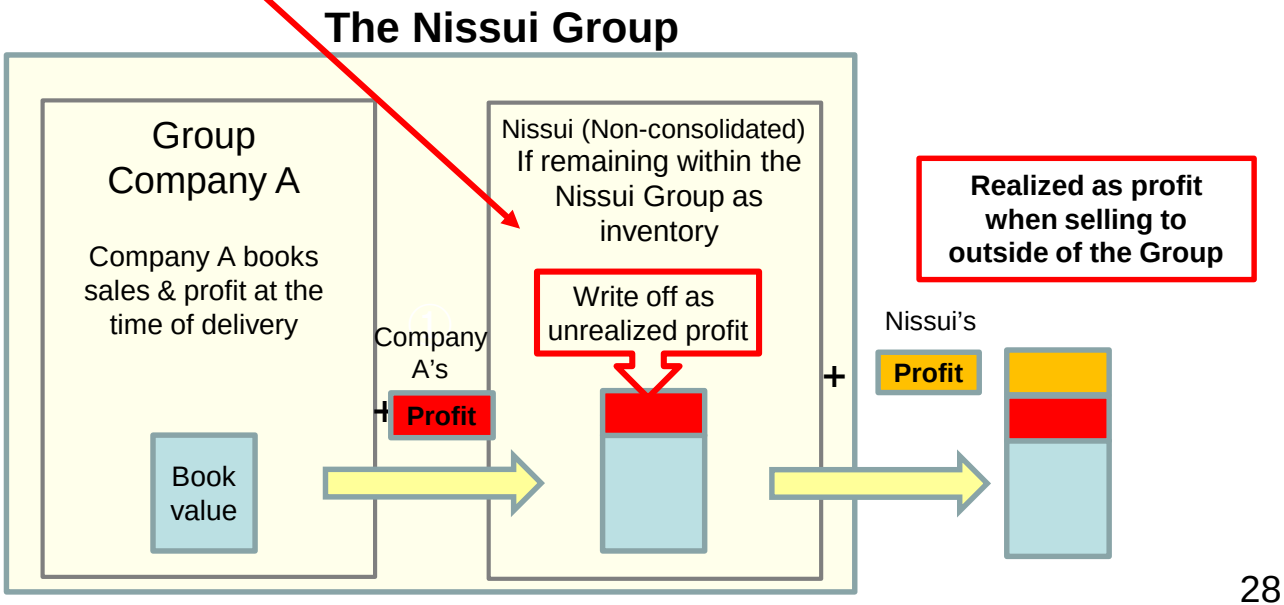
(Note1)
Evaluation of Fish in the pond

Based on IFRS, **evaluate the fish of a certain weight in farming cages with expected sales price**

(Note2) Adjustment of unrealized profit

Closing Adjustment of the profit included in the inventory of the Nissui Group





Disclaimer regarding forward-looking statements

This presentation contains forward-looking statements regarding Nissui's business projections for the current term and future terms. All forward-looking statements are based on rational judgment of management derived from the information currently available to it, and the Company provides no assurances that these projections will be achieved.

Please be advised that the actual business performance may differ from these business projections due to changes of various factors. Significant factors which may affect the actual business performance includes but are not limited to the changes in the market economy and product demand, foreign exchange rate fluctuations, and amendments to various international and Japanese systems and laws.

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